Procedures for Engaging in Derivatives Trading

Approved by the Shareholders' Meeting and enacted on June 12, 2019

Article 1 Legal basis
The Procedures for Engaging in Derivatives Trading (the "Procedures") of Lucky Cement Corporation (the "Company") are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act and Regulations Governing the Acquisition and Disposal of Assets by Public Companies. If there are any unmentioned matters in the Procedures, it shall be handled in accordance with the relevant laws and regulations.

Article 2 Definition and scope of application
"Derivatives" in the Procedures refers to forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives.

Article 3 Definition and scope of application
The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.

Article 4 Definition and scope of application
Matters relating to bond margin transactions shall be handled in accordance with the relevant provisions of the Procedures.

Article 5 Type of transaction
When the Company engages in derivatives trading, the types of transactions are limited to forward foreign exchange and option commodities of foreign currency.

Article 6 Hedging strategy
The foreign exchange operations carried out through the commodities mentioned in the preceding article are only for avoiding the exchange risk on the operation and capital dispatch, and may not engage in any speculative trading, and the currency held must be consistent with the foreign currency demand of the Company's actual import and export transactions.

Article 7 Segregation of duties
The financial planning team is responsible for the formulation and implementation of

the strategy for derivatives trading, and the periodic evaluation and reporting of the derivatives trading positions held. The senior manager of the non-financial planning team members appointed by the board of directors is responsible for the measurement, supervision and control of the risks.

Article 8 Essentials of performance evaluation
The financial planning team shall evaluate and review operational performance at market price every week, and report to the chairman and general manager on a monthly basis to review and improve the hedging strategies.

Article 9 Total amount of contracts
The total amount of foreign exchange forward contract shall not exceed the total foreign currency demand of the Company's actual import and export. When the foreign currency option transaction is evaluated at the market price, the total amount of transaction contract that may be required to exercise option shall not exceed US$10 million.

Article 10 Maximum loss limit on total trading and for individual contracts
The maximum amount of contract loss for engaging in derivatives trading is US$ 1,500,000; the maximum loss limit for individual contract is 5% of the individual contract amount, and may not exceed US$ 250,000.

Article 11 Level of delegation and authorization, execution units
The financial planning team shall evaluate and select the financial institution with better conditions, sign a credit line contract with institution after the approval of the general manager and the chairman of the board of directors, and engage in derivatives trading within the amount.

Article 12 Operating procedures
When engaging in derivatives trading, it should be operated on a batch one-by-one basis according to the bills under LC (letter of credit).

Article 13 Operating procedures
After the derivatives trading is completed and confirmed by the transaction confirmation personnel, the "Derivatives Trading Statement" shall be filled in to notify the settlement personnel.

Article 14 Operating procedures
The delivery personnel fill in the "Derivatives Trading Statement" according to the "Bank Foreign Exchange Trading Contract Confirmation", and handle the settlement after the signing of the financial supervisor.

Article 15 Operating procedures

The Company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, approval dates of board of directors, and the matters required to be carefully evaluated according to Article 21 and Article 22 shall be recorded in detail in the log book.

Article 16 Announcement and report

The derivatives trading is completed and confirmed by the transaction confirmation personnel shall be handled in accordance with relevant regulations. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

Article 17 Accounting processing

The financial planning team shall immediately submit it to the accounting department for cash income or expenses arising from foreign exchange operations.

Article 18 Accounting processing

The Company's accounting processing for derivatives trading shall be handled in accordance with the relevant provisions of the accounting system, except as provided in the Procedures.

Article 19 Internal control

Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.

Article 20 Internal control

Risk management shall address credit, market, liquidity, cash flow, operational, and legal risks. Risk measurement, monitoring, and control personnel shall be assigned to a different department that the personnel in the preceding subparagraph and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making.

Article 21 Internal control

Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.

Article 22 Internal control
Senior management personnel authorized by the board of directors shall pay continuous attention to monitoring and controlling derivatives trading risk, periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance, and periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with the Procedures.

Article 23 Internal control
When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; an independent director shall be present at the meeting of the board of directors and express an opinion.

Article 24 Internal audit
Internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithful derivatives trading by the financial planning team adheres to the procedures for engaging in derivatives trading, analyze the trading cycle , and prepare an audit report. If any material violation is discovered, the audit committee shall be notified in writing, and penalizes relevant personnel according to violations.

Article 25 Date of implementation
The Procedures shall first be approved by the audit committee and then submitted to the board of directors for a resolution, and submitted for approval by the shareholders' meeting. If any director expresses dissent and it is contained in the minutes or a written statement, the director's dissenting opinion shall be recorded in the minutes of the board of directors meeting.
When the Procedures are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.
If approval of more than half of all audit committee members as required in paragraph 1 is not obtained, the Procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.
The terms "all audit committee members" and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.